

DEPARTMENT ADMINISTRATIVE ORDER NO. 21-03  
Series of 2021

**SUBJECT: GUIDELINES FOR PAYMENT OPTIONS ON THE PURCHASE OF CONSUMER PRODUCTS AND SERVICES**

**WHEREAS**, under Section 6, Article XII of the 1987 Constitution, "The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands";

**WHEREAS**, under Article 2 of Republic Act No. 7394 known as the Consumer Act of the Philippines, it is the policy of the State to protect the interests of the consumer, promote his general welfare and to establish standards of conduct for business and industry;

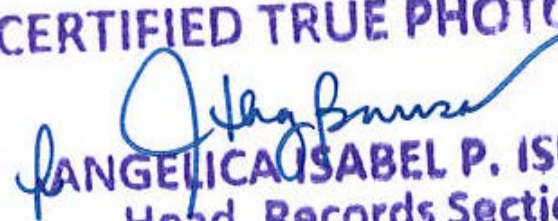
**WHEREAS**, Title III, Chapter I of the Consumer Act mandates the Department of Trade and Industry to implement the provisions of such Chapter on Deceptive, Unfair and Unconscionable Sales Acts and Practices, and declares as a State Policy to promote and encourage fair, honest and equitable relations among parties in consumer transactions and protect the consumer against deceptive, unfair and unconscionable sales acts or practices;

**WHEREAS**, Article 52 of the Consumer Act provides that an act or practice shall be deemed unfair or unconscionable whenever the producer, manufacturer, distributor, supplier or seller by taking advantage of the consumer's physical or mental infirmity, ignorance, illiteracy, lack of time or the general conditions of the environment or surroundings, induces the consumer to enter into a sales or lease transaction grossly inimical to the interests of the consumer or grossly one-sided in favor of the producer, manufacturer, distributor, supplier or seller. The act or practice may occur before, during or after the consumer transaction;

**WHEREAS**, pursuant to the United Nations Guidelines for Consumer Protection (UNGCP), a consumer has eight (8) basic rights one of which is the "right to choose." Thus, consumers shall have access to various options including mode of payment. Furthermore, consistent with Section 52 of Republic Act No. 7653 known as the New Central Bank Act, the Peso is legal tender in the Philippines.

**WHEREFORE**, this Department Administrative Order is hereby issued for the information and compliance by those concerned:

**Section 1. Scope.** This Order shall cover all persons, natural or juridical, registered or unregistered, engaged in the sale or offer for sale of consumer products and services.

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OFFICE OF THE SECRETARY

**Section 2. Mandatory Provision of Payment Options.** No person or company engaged in the sale or offer for sale of consumer products and services shall impose an "INSTALLMENT ONLY" mode of payment to consumers. Consumers shall be given the option to pay in cash, in installment or a combination thereof. Denial of the right of the consumer to pay in cash shall constitute a *prima facie* violation of Article 52 of the Consumer Act. Provided that the seller is not precluded from offering a discount from the selling price if payment is made in cash. Provided further, that the selling price shall remain the same whether the mode of payment is through debit/credit/prepaid cards, QR codes, electronic fund transfers or other digital means that are available to consumers.

**Section 3. Installment Payment.** Any sales transaction entered into through installment payment shall comply with the following:

**3.1. Interest Rate on Installment Payment.** No interest shall be due unless expressly stipulated in writing in accordance with Article 1956 of the Civil Code. Provided that the seller shall not impose an interest rate more than the market-oriented interest rate. Provided further, that the creditor/seller shall not collect advance interest for a period of more than one (1) year.

The seller shall likewise inform the buyer of other fees or charges due.

**3.2. Release of Documents Evidencing Ownership.** The seller shall provide the purchaser with a copy of the instruments executed by the parties evidencing the transaction and, where applicable, delivers the document evidencing ownership authenticated by the proper government office/agency.

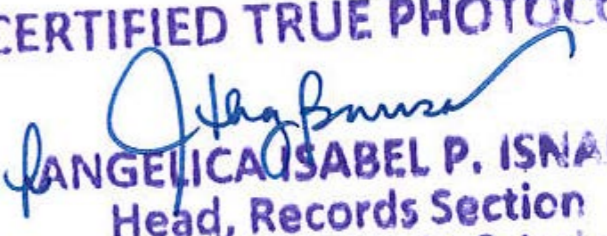
**3.3 Repossession of the Products Purchased on Installment.** The seller shall comply with the requirement of due process as set forth under applicable laws in repossessing any product purchased on installment,

**Section 4. Posting of Payment Options.** The payment options available shall be posted in a conspicuous place within the premises of the business enterprise and presented in a manner that can easily be understood by consumers. Where a seller maintains a website or mobile app, the payment options shall also be among the information readily accessible therein.

**Section 5. Complaints Handling and Sanctions.** Handling of administrative complaints and sanctions for violations hereof shall be in accordance with applicable laws, including Fair Trade Laws, and consistent with DTI rules and regulations.

Penalties for violations of Title III, Chapter I, Article 52 on Unfair or Unconscionable Sales Acts and Practices under the Consumer Act shall apply.

Complaints may be filed with the Fair Trade Enforcement Bureau or the nearest DTI Regional or Provincial Office.


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**Section 6. Separability Clause.** In the event that any provision of this DAO is declared unconstitutional or invalid, the validity of the other provisions shall not be affected by such declaration.

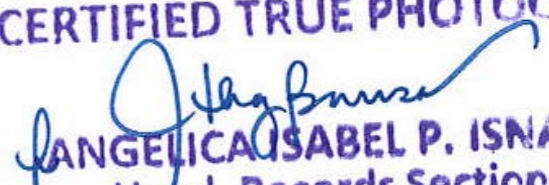
**Section 7. Repealing Clause.** All DTI rules and regulations not consistent with this Order are hereby repealed or amended accordingly.

**Section 8. Effectivity.** This Order shall take effect fifteen (15) days from publication thereof and submission of a copy thereof to the Office of the National Administrative Register (ONAR) of the University of the Philippines.

Issued this 23<sup>rd</sup> day of March 2021 in Makati City, Philippines.

  
**RAMON M. LOPEZ**  
Secretary



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